



Financial Sector (Collection of Data) (reporting standard) determination No. 28 of 2014

Reporting Standard GRS 440.0 Claims Development Table

Financial Sector (Collection of Data) Act 2001

I, Ian Laughlin, delegate of APRA, under paragraph 13(1)(a) of the *Financial Sector (Collection of Data) Act 2001* (the Act) and subsection 33(3) of the *Acts Interpretation Act 1901*:

- (a) REVOKE Financial Sector (Collection of Data) (reporting standard) determination No. 25 of 2013, including *Reporting Standard GRS 440.0 Claims Development Table* made under that Determination; and
- (b) DETERMINE *Reporting Standard GRS 440.0 Claims Development Table*, in the form set out in the Schedule, which applies to the financial sector entities to the extent provided in paragraph 3 of the reporting standard.

Under section 15 of the Act, I DECLARE that the reporting standard shall begin to apply to those financial sector entities, and the revoked reporting standard shall cease to apply, on 31 December 2014.

This instrument commences on the date of its registration on the Federal Register of Legislative Instruments.

Dated: 18 December 2014

[Signed]

Ian Laughlin
Deputy Chairman

Interpretation

In this Determination:

APRA means the Australian Prudential Regulation Authority.

financial sector entity has the meaning given in section 5 of the Act.

Schedule

Reporting Standard GRS 440.0 Claims Development Table comprises the 12 pages commencing on the following page.



Reporting Standard GRS 440.0

Claims Development Table

Objective of this Reporting Standard

This Reporting Standard sets out the requirements for the provision of information to APRA relating to a general insurer's claims development.

It includes *Form GRF 440.0 Claims Development Table* and associated specific instructions and must be read in conjunction with the general instruction guide.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. Information collected in *Form GRF 440.0 Claims Development Table* (GRF 440.0) is used by APRA for the purpose of prudential supervision including assessing compliance with the capital standards.

Application and commencement

3. This Reporting Standard applies to all general insurers authorised under the *Insurance Act 1973* (insurers). This Reporting Standard applies for reporting periods ending on or after 31 December 2014.

Information required

4. An insurer must provide APRA with the information required by Form GRF 440.0 for each reporting period.

Forms and method of submission

5. The information required by this Reporting Standard must be given to APRA in electronic format using the 'Direct to APRA' application or, where 'Direct to APRA' is not available, by a method notified by APRA prior to submission.

Note: The 'Direct to APRA' application software may be obtained from APRA.

Reporting periods and due dates

6. Subject to paragraph 7, an insurer must provide the information required by this Reporting Standard in respect of each financial year of the insurer.

Note: The annual information required from an insurer by paragraphs 4, 5 and 6, together with certain annual information required by other reporting standards, will form part of the insurer's yearly statutory accounts within the meaning of section 3 of the *Insurance Act 1973* (the Insurance Act). This means that the information must be audited in accordance with paragraph 49J(1)(a) of the Insurance Act. Under subsection 49J(3), the principal auditor of the insurer must give the insurer a certificate relating to the yearly statutory accounts, and that certificate must contain statements of the auditor's opinions on the matters required by the prudential standards to be dealt with in the certificate.

7. If, having regard to the particular circumstances of an insurer, APRA considers it necessary or desirable to obtain information more or less frequently than as provided by paragraph 6, APRA may, by notice in writing, change the reporting periods, or specify reporting periods, for the particular insurer.
8. The information required by this Reporting Standard in respect of an insurer must be provided to APRA:
 - (a) within the time stated in *Reporting Standard GRS 001 Reporting Requirements* (GRS 001); or
 - (b) in the case of information provided in accordance with paragraph 7, within the time specified by notice in writing.

Note: Paragraph 49L(1)(a) of the Insurance Act provides that the auditor's certificate required under subsection 49J(3) of that Act must be lodged with APRA in accordance with the prudential standards. The prudential standards provide that the certificate must be submitted to APRA together with the yearly statutory accounts. Accordingly, the auditor's certificate relating to the annual information referred to in paragraph 6 must be provided to APRA by the time specified in GRS 001 (unless an extension of time is granted under GRS 001).

Quality control

9. The information provided by an insurer under this Reporting Standard must be the product of systems, processes and controls that have been reviewed and tested by the Appointed Auditor of the insurer. This will require the Appointed Auditor to review and test the insurer's systems, processes and controls designed to enable the insurer to report reliable financial information to APRA. This review and testing must be done on:

- (a) an annual basis or more frequently if necessary to enable the Appointed Auditor to form an opinion on the reliability and accuracy of data; and
 - (b) at least a limited assurance engagement consistent with professional standards and guidance notes issued by the Auditing and Assurance Standards Board (AUASB) as may be amended from time to time, to the extent that they are not inconsistent with the requirements of *Prudential Standard GPS 310 Audit and Related Matters*.
10. All information provided by an insurer under this Reporting Standard must be subject to systems, processes and controls developed by the insurer for the internal review and authorisation of that information. It is the responsibility of the Board and senior management of the insurer to ensure that an appropriate set of policies and procedures for the authorisation of data submitted to APRA is in place.

Authorisation

11. When an officer, or agent, of an insurer provides the information required by this Reporting Standard using the 'Direct to APRA' software it will be necessary for an officer, or agent, to digitally sign the relevant information using a digital certificate acceptable to APRA.
12. If an insurer provides the information required by this Reporting Standard through an agent who submits using the 'Direct to APRA' software on the insurer's behalf, the insurer must:
- (a) obtain from the agent a copy of the completed form with the information provided to APRA; and
 - (b) retain the completed copy.
13. An officer, or agent, of an insurer who submits the information under this Reporting Standard for, or on behalf of, the insurer must be authorised by either:
- (a) the Principal Executive Officer of the insurer; or
 - (b) the Chief Financial Officer of the insurer.

Variations

14. APRA may, by written notice to the insurer, vary the reporting requirements of Form GRF 440.0 in relation to that insurer.

Interpretation

15. In this Reporting Standard (including the attachments):
- (a) unless the contrary intention appears, words and expressions have the meanings given to them in *Prudential Standard GPS 001 Definitions* (GPS 001); and

- (b) **Appointed Auditor** means an auditor appointed under paragraph 39(1)(a) of the Insurance Act;

APRA-authorised reinsurer means an insurer carrying on reinsurance business. For the purposes of this definition, a Lloyd's underwriter as defined under the Insurance Act is an APRA-authorised reinsurer if it carries on reinsurance business;

capital standards means the prudential standards which relate to capital adequacy as defined in GPS 001;

Chief Financial Officer means the chief financial officer of the insurer, by whatever name called;

financial year means the financial year (within the meaning in the *Corporations Act 2001*) of the insurer;

foreign insurer means a foreign general insurer within the meaning of the Insurance Act;

Note: A reference to a 'branch' or 'branch operation' is a reference to the Australian operations of a foreign insurer.

general instruction guide refers to the general instruction guide set out in Attachment A of GRS 001;

Insurance Act means the *Insurance Act 1973*;

insurer means a general insurer within the meaning of section 11 of the Insurance Act;

Note: In the forms and instructions, a reference to an 'authorised insurer', 'authorised insurance entity' or 'licensed insurer' is a reference to an insurer, and a reference to an 'authorised reinsurance entity' is a reference to an insurer whose business consists only of undertaking liability by way of reinsurance.

non-APRA-authorised reinsurer means any reinsurer that is not an APRA-authorised reinsurer;

Principal Executive Officer means the principal executive officer of the insurer, by whatever name called, and whether or not he or she is a member of the governing board of the insurer; and

reporting period means a period mentioned in paragraph 6 or, if applicable, paragraph 7.

GRF_440_0_L: Claims Development Table (L)

Australian Business Number

Entity identifier, to be provided

Institution Name

Name of general insurer

Reporting Period

As at financial year end

Scale Factor

Thousands of dollars no decimal place

Reporting Consolidation

- Licensed Insurer

Section 1: Direct Business

Class of business (1)	Accident year (2)	Gross earned premium (3)	Net earned premium (4)	Number of claims reported (5)	Number of claims outstanding (6)	Gross claim payments (net of non-reinsurance recoveries) (7)	Net claim payments (net of reinsurance and non-reinsurance recoveries) (8)	Gross case estimates (net of non-reinsurance recoveries) (9)	Net case estimates (net of reinsurance and non-reinsurance recoveries) (10)	Gross IBNR/IBNER (net of non-reinsurance recoveries) (11)	Net IBNR/IBNER (net of reinsurance and non-reinsurance recoveries) (12)	Total gross ultimate cost (UD) (13)	Total net ultimate cost (UD) (14)
Householders	Current Accident Year												
Commercial motor	Accident Year - 1 Year Previous												
Domestic motor	Accident Year - 2 Years Previous												
Other direct - category A	Accident Year - 3 Years Previous												
Travel	Accident Year - 4 Years Previous												
Fire and ISR	Accident Year - 5 Years Previous												
Marine	Accident Year - 6 Years Previous												
Aviation	Accident Year - 7 Years Previous												
Public and product liability	Accident Year - 8 Years Previous												
Mortgage	Accident Year - 9 Years Previous												
Consumer credit	Accident Year - 10 Years Previous												
Other accident	Accident Year - More than 10 Years Previous												
Other direct - category B													
CTP													
Professional indemnity													
Employers liability													
Other direct - category C													

Section 2: Reinsurance business

Class of business (1)	Underwriting year (2)	Gross written premium (3)	Net written premium (4)	Gross claim payments (net of non-reinsurance recoveries) (5)	Net claim payments (net of reinsurance and non-reinsurance recoveries) (6)	Gross case estimates (net of non-reinsurance recoveries) (7)	Net case estimates (net of reinsurance and non-reinsurance recoveries) (8)	Gross IBNR/IBNER (net of non-reinsurance recoveries) (9)	Net IBNR/IBNER (net of reinsurance and non-reinsurance recoveries) (10)	Total gross ultimate cost (IUD) (11)	Total net ultimate cost (IUD) (12)
Proportional - Category A	Current Underwriting Year										
Proportional - Category B	Underwriting Year - 1 Year Previous										
Proportional - Category C	Underwriting Year - 2 Years Previous										
Non-proportional - Category A	Underwriting Year - 3 Years Previous										
Non-proportional - Category B	Underwriting Year - 4 Years Previous										
Non-proportional - Category C	Underwriting Year - 5 Years Previous										
	Underwriting Year - 6 Years Previous										
	Underwriting Year - 7 Years Previous										
	Underwriting Year - 8 Years Previous										
	Underwriting Year - 9 Years Previous										
	Underwriting Year - 10 Years Previous										
	Underwriting Year - More than 10 Years Previous										

Section 3: Total

	Total gross ultimate cost (IUD) (2)	Total net ultimate cost (IUD) (3)	Gross claim payments (4)	Net claim payments (5)	Gross outstanding claims (IUD) (6)	Net outstanding claims (IUD) (7)	Discount on net outstanding claims (8)	Claims handling expenses on net outstanding claims (9)	APRA risk margin on net outstanding claims (10)	APRA net OCL (11)
Total Direct Business.....										
Total Reinsurance Business.....										
Proportional.....										
Non-proportional.....										
TOTAL.....										

GRF_440_0 Claims Development Table

These instructions must be read in conjunction with the general instruction guide.

Explanatory notes

(1) Class of business

The classes of business for direct business and reinsurance business are as defined in Attachment B of *Prudential Standard GPS 001 Definitions* (GPS 001).

For the purpose of calculating the Insurance Risk Charge in respect of the 'Other' class of business as per GPS 001 for direct business, the Appointed Actuary is required to determine the most appropriate category (i.e. category A, B or C) in Table 1 of Attachment A of *Prudential Standard GPS 115 Capital Adequacy: Insurance Risk Charge* (GPS 115) that this business falls within. The choice must be based on the underlying risk characteristics of the business being written. The amounts reported in the *Other direct - category A*, *Other direct - category B* or *Other direct - category C* line items are to follow this basis.

For reinsurance business, the classes of business in Table 2 of Attachment A of GPS 115 are to be aggregated by the Category and Reinsurance Type for reporting on this form.

Reporting basis

The following fields are to be completed on a cumulative basis: gross and net earned premium for accident year; gross and net written premium for underwriting year; number of claims reported; and gross and net claim payments.

The following fields are not to be completed on a cumulative basis: number of claims outstanding; gross and net case estimates; and gross and net incurred but not reported (IBNR) / incurred but not enough reported (IBNER).

Instructions for specific items

Section 1: Direct business

(2) Accident year

Direct insurance business (except lenders mortgage insurance) must be completed based on accident year. An accident year refers to the financial year of the insurer that the losses/claims are incurred. For example, the 2007 accident year for an insurer with a balance date of 30 June will relate to claims with dates of loss (regardless of notification date) occurring between 1 July 2006 and 30 June 2007.

The form is to be completed for each of the following years:

- Current Accident Year;
- Accident Year - 1 Year Previous;
- Accident Year - 2 Years Previous;
- Accident Year - 3 Years Previous;
- Accident Year - 4 Years Previous;
- Accident Year - 5 Years Previous;
- Accident Year - 6 Years Previous;
- Accident Year - 7 Years Previous;
- Accident Year - 8 Years Previous;
- Accident Year - 9 Years Previous;
- Accident Year - 10 Years Previous; and
- Accident Year - More than 10 Years Previous.

Lenders mortgage insurance will be reported in this section but will be completed on an underwriting year basis.

(3) Gross earned premium

This is the value of premium revenue earned during the relevant period, including fire service levy and other levies imposed by state and territory governments and excluding amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported gross of any associated outwards reinsurance expense.

(4) Net earned premium

This is the value of premium revenue earned during the relevant period, including fire service levy and other levies imposed by state and territory governments and excluding amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported net of any associated outwards reinsurance expense.

(5) Number of claims reported

This is the accumulated number of insurance claims reported, as at the relevant date.

(6) Number of claims outstanding

This is the number of outstanding claims, including the actuarial gross central estimate of the number of insurance claims outstanding, as at the relevant date.

(7) Gross claim payments (net of non-reinsurance recoveries)

This is the value of insurance claims payments, as at the relevant date. This item is to be reported gross of any associated reinsurance recoveries, but net of any associated non-reinsurance recoveries.

(8) Net claim payments (net of reinsurance and non-reinsurance recoveries)

This is the value of insurance claims payments, as at the relevant date. This item is to be reported net of any associated reinsurance and non-reinsurance recoveries. This includes reinsurance and non-reinsurance recoveries that have been received or are expected to be received only in relation to claims already paid.

(9) Gross case estimates (net of non-reinsurance recoveries)

This is the value of gross case estimates included in the outstanding claims liabilities (OCL) as at the relevant date.

For the purposes of this item, case estimates must be reported: as the balance outstanding at the relevant date; gross of reinsurance recoveries; net of non-reinsurance recoveries; and excluding claims IBNR/IBNER, claims handling expenses and risk margins.

(10) Net case estimates (net of reinsurance and non-reinsurance recoveries)

This is the value of net case estimates included in the OCL as at the relevant date.

For the purposes of this item, case estimates must be reported: as the balance outstanding at the relevant date; net of reinsurance and non-reinsurance recoveries; and excluding IBNR/IBNER, claims handling expenses and risk margins.

(11) Gross IBNR/IBNER (net of non-reinsurance recoveries)

This is the value of gross IBNR/IBNER included in the OCL as at the relevant date.

For the purposes of this item, the IBNR/IBNER must be reported: as the balance outstanding at the relevant date; inflated and undiscounted; gross of reinsurance recoveries; net of non-reinsurance recoveries; excluding claims handling expenses; and as the central estimate only (i.e. do not include a risk margin).

(12) Net IBNR/IBNER (net of reinsurance and non-reinsurance recoveries)

This is the value of net IBNR/IBNER included in the OCL as at the relevant date.

For the purposes of this item, the IBNR/IBNER must be reported: as the balance outstanding at the relevant date; inflated and undiscounted; net of reinsurance recoveries; net of non-reinsurance recoveries; excluding claims handling expenses; and as the central estimate only (i.e. do not include a risk margin).

(13) Total gross ultimate cost (IUD)

This is the value of the total gross ultimate cost (inflated & undiscounted) of claims, as at the relevant date.

It is automatically calculated as the sum of Columns 6, 8 and 10.

(14) Total net ultimate cost (IUD)

This is the value of the total net ultimate cost (inflated & undiscounted) of claims, as at the relevant date.

It is automatically calculated as the sum of Columns 7, 9 and 11.

Section 2: Reinsurance business

(2) Underwriting year

Reinsurance business must be completed on an underwriting year basis. Underwriting year refers to the financial year of the insurer in which the policy incepts, regardless of when the premiums and claims are actually reported, booked or paid. For example, the 2005 underwriting year for an insurer with a 30 June balance date includes premiums and claims (both paid and outstanding) attaching to policies incepting in the period 1 July 2005 to 30 June 2006. For an insurer with a 31 December balance date, the 2005 underwriting year includes premiums and claims (both paid and outstanding) attaching to policies incepting in the period 1 January 2005 to 31 December 2005.

The form is to be completed for each of the following years:

- Current Underwriting Year;
- Underwriting Year, 1 Year Previous;
- Underwriting Year, 2 Years Previous;
- Underwriting Year, 3 Years Previous;
- Underwriting Year, 4 Years Previous;
- Underwriting Year, 5 Years Previous;
- Underwriting Year, 6 Years Previous;
- Underwriting Year, 7 Years Previous;
- Underwriting Year, 8 Years Previous;

- Underwriting Year, 9 Years Previous;
- Underwriting Year, 10 Years Previous; and
- Underwriting Year, More than 10 Years Previous.

(3) Gross written premium

This is the value of gross written insurance premium revenue recognised during the relevant period, as determined in accordance with Australian Accounting Standards. This item includes fire service levy and other levies imposed by state and territory governments and excludes amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported gross of any associated outwards reinsurance expense.

(4) Net written premium

This is the value of net written insurance premium revenue recognised during the relevant period, as determined in accordance with Australian Accounting Standards. This item includes fire service levy and other levies imposed by state and territory governments and excludes amounts collected on behalf of third parties i.e. government stamp duty and taxes. The premium should be reported net of any associated outwards reinsurance expense.

Columns (5) to (12)

For these columns, the instructions are as per Columns (7) to (14) for direct business in Section 1 respectively.

Section 3: Total

For this section, lenders mortgage insurance business will be included in the totals for direct business.

(2) Total gross ultimate cost (IUD)

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 12 in Sections 1 and 2.

(3) Total net ultimate cost (IUD)

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 13 in Sections 1 and 2.

(4) Gross claim payments

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 6 in Sections 1 and 2.

(5) Net claim payments

This is automatically calculated as the sum over the direct and reinsurance classes of business, where appropriate, of Column 7 in Sections 1 and 2.

(6) Gross outstanding claims (IUD)

This is automatically calculated as Column 2 less Column 4 in Section 3.

(7) Net outstanding claims (IUD)

This is automatically calculated as Column 3 less Column 5 in Section 3.

(8) Discount on net outstanding claims

This is the value of discounting on net outstanding claims. This includes the impact of discounting the net actuarial central estimate of outstanding claims (excluding claims handling expenses).

This is only required as an aggregate total for direct business and reinsurance business.

(9) Claims handling expenses on net outstanding claims

This is the value of claims handling expenses on net outstanding claims. This includes the claims handling expense allowance in the net actuarial central estimate of outstanding claims.

This is only required as an aggregate total for direct business and reinsurance business.

(10) APRA risk margin on net outstanding claims

This is the value, as at the relevant date, of the risk margin component of OCL, net of any recoveries, determined in accordance with relevant prudential standards. This includes the APRA risk margin (75 per cent probability of sufficiency including diversification benefits) included in the net OCL.

This is only required as an aggregate total for direct business and reinsurance business.

(11) APRA net OCL

This is automatically calculated as Column 7 less Column 8 plus Column 9 plus Column 10.